

JOINT MEETING OF THE BOARD OF DIRECTORS FOR THE
METROPOLITAN TRANSIT SYSTEM (MTS),
SAN DIEGO TRANSIT CORPORATION (SDTC), AND
SAN DIEGO TROLLEY, INC. (SDTI)

February 23, 2006

Board of Directors Meeting Room, 10th Floor
1255 Imperial Avenue, San Diego

MINUTES

Finance Workshop – 8:00 a.m.

1. Roll Call

Budget Development Committee Chairman Rindone called the meeting to order at 8:13 a.m. A roll call sheet listing Board member attendance is attached.

2. a. MTS: FY 2006 Budget Development (FIN 310.1, PC 30100)

Mr. Cliff Telfer, MTS Interim Chief Financial Officer, provided a brief introduction of this item and reported that, in spite of over-budget fuel costs of \$3.5 million, the budget was balanced midyear without using reserves. Mr. Telfer also reported that sales tax revenues have increased. Mr. Tom Lynch, MTS Controller, provided an overview of the recommended midyear budget adjustments. He reviewed the elements that contributed to San Diego Transit being under budget by \$1,683,000 with favorable variances for passenger revenues and service costs offset by an unfavorable variance for fuel costs. He also reviewed the causes for the unfavorable variance for San Diego Trolley and the favorable variance for Contract Services Paratransit.

In response to a question from Mr. Monroe regarding why Contract Services shows an unfavorable variance for fuel, Mr. Lynch explained that Contract Services pays for the fuel its contractors uses. In response to another question from Mr. Monroe, Mr. Telfer explained that San Diego Transit service costs were lower than budget because of the effectiveness of its preventative maintenance program. Mr. Telfer further explained that personnel costs were lower than anticipated because San Diego Transit delayed filling some open positions. In response to comments from Mr. Ewin, Mr. Jablonski reported that staff has done an effective job of identifying cost savings that will not have a negative impact on operations. He also provided detail on SANDAG staff's current recommendation to use 3.5 percent of TransNet II funds to create a discretionary fund rather than give it to the operators to bring their share of TransNet II to 16.5 percent as approved by the voters. He advised the Board that the Transportation Committee will be recommending that the SANDAG Board approve the original allocation of 16.5 percent to operators at its February 24, 2006, meeting and that this item will appear on the Consent Agenda portion of the Board's agenda. He added that the current allocation of TransNet funding between operations and capital is 60/40. He stated that a request

could be made to make that allocation 50/50. He also stated that there are some good markets that MTS is unable to serve because of the shortfall of funding to provide those services. Mr. Ewin stated that the Comprehensive Operational Analysis should maintain transit corridors where communities are trying to encourage Smart Growth.

Mr. Emery stressed the importance of being vigilant at the SANDAG level to ensure that funding is not diverted for other purposes. Mr. Rindone stated that it would be difficult to explain to San Diego citizens if TransNet II funds are used in contrary to what was approved by voters. He also stated that the agenda for the next Finance Workshop should include a discussion of local tax support for transit. He stated that having minimal local support of transit is a fundamental flaw and requested that a comparison to other locations be included as a supplemental report for the next workshop. He stated that MTS must seek a proactive solution to the funding problem and present and support that solution at SANDAG.

Mr. Clabby asked a question regarding the discrepancy between the size of the operating budgets and the respective operations of Chula Vista Transit (CVT) and National City Transit (NCT). Mr. Lynch reported that only management personnel, not bus operators, are reflected on the budget page for CVT because CVT Bus operators are included in the Contract Services budget. Mr. Jablonski referred Mr. Clabby to page A10 and explained that CVT has an operating budget of \$6.6 million for 35-39 buses while National City Transit has an operating budget of \$2.7 million for 13 buses, and is a more valid approach for comparing the two organizations.

Mr. Larry Marinesi, MTS Budget Manager, reviewed preliminary revenue figures and for budget assumptions for energy, revenue miles, revenue hours, and passenger boardings for the FY 2007 budget.

Mr. Ewin requested that the Board be provided with a report showing projections for nonrecurring revenues for the next five years and the impact this will have on MTS capital needs. Mr. Jablonski pointed out that Congestion Mitigation and Air Quality (CMAQ) funds will not be available to fund the operation of Mission Valley East starting in FY 2008.

Mr. Rindone reminded Board members that the next Finance Workshop will be on April 13, 2006.

Public Comment

There was no Public Comment.

Action Taken

Mr. Emery moved to (1) approve the combined MTS FY 2006 midyear adjustment (Resolution No. 06-2, Attachment A of the agenda item); and (2) receive the FY 2007 Preliminary Revenue (nonoperating and operating) and FY 2006 Preliminary Assumptions Reports (Attachments B – F of the agenda item). Mr. Ewin seconded that motion, and the vote was 10 to 0 in favor.

The Finance Workshop was adjourned at 8:55 a.m.

Board Meeting – 9:00 a.m.

3. a. Roll Call

Chairman Mathis called the meeting to order at 9:05 a.m. A roll call sheet listing Board member attendance is attached.

b. Approval of Minutes

Mr. Young moved to approve the minutes of the February 9, 2006, Board of Directors meeting with one correction. Mr. Emery seconded the motion, and the vote was 12 to 0 in favor.

4. Bus Driver Award
(Taken Out of Order)

San Diego Transit Bus Operator Robert Jolley was presented with a Distinguished Service Award for rescuing an elderly man who was being physically assaulted. Mr. Young, Chief Operating Officer – Bus Claire Spielberg, and Amalgamated Transit Union President Steve Alcove all made comments about Mr. Jolley's courage. Mr. Jolley thanked everyone and stated that he would cherish the award. Mr. Mathis stated that the strength of an organization stands on the quality of its employees and stated that everyone was proud of Mr. Jolley and what he did.

c. Public Comments

Chairman Mathis requested that anyone wishing to speak about service changes related to the Comprehensive Operational Analysis (COA) hold their comments for one of the three public hearings MTS will be holding unless they cannot attend.

Virginia Conway: Ms. Conway pointed out that the Route No. 11 is very important to seniors for safety reasons. She stated that the proposed changes will require seniors to cross more streets.

Donna Erickson: Ms. Erickson objected to the manner in which staff conducted the community meetings in Linda Vista.

Don Stillwell: Mr. Stillwell stated that it will be hard to attend the public hearings when trolley service is scheduled with 30-minute frequencies.

Chuck Lungerhausen: Mr. Lungerhausen stated that he was looking forward to having all buses replaced with the low-floor style. He reported a recent problem he had with wheelchair lifts on two different routes. He also requested sponsorship donations for the MS Walk.

Nancy Warneke: Ms. Warneke requested that an exception be made for her adult "child", similar to the exception that was made for her first adult child, to use paratransit

services. She stated that the San Diego Regional Center does provide some service to her children but that it is very limited. Mr. Jablonski reported that Ms. Warneke is outside of the Americans with Disabilities Act (ADA)-designated service area. He added that the first child was grandfathered into the program because of a mistake the Red Cross made when it provided this service under contract to MTS. He reminded the Board that ADA requires that service be provided within $\frac{3}{4}$ mile of an existing route, and that is MTS's policy. He stated that the number of requests for paratransit service far exceeds MTS's resources to provide that service. He added that the current cost for this service is \$50 round trip, and multiple requests are received every month. Ms. Susan Hafner, Director of Contract Services, stated that she would work with the San Diego Regional Center to seek a solution for Ms. Warneke. Chairman Mathis requested a follow-up report.

5. Closed Session Items (ADM 122)

The Board convened to Closed Session at 9:35 a.m.

- a. MTS: CONFERENCE WITH REAL PROPERTY NEGOTIATORS - Pursuant to California Government Code Section 54956.8
PROPERTY – Right-of-Way Adjacent to Grossmont Center Station Parking Lot at the Intersection of Grossmont Center Drive and Fletcher Parkway.
AGENCY NEGOTIATORS: R. Martin Bohl, Paul Jablonski, and Tiffany Lorenzen
NEGOTIATING PARTIES – Fairfield Residential, LLC, and City of La Mesa
UNDER NEGOTIATION – Instructions to Negotiators will include Price and Terms of Payment

The Board reconvened to Open Session at 10:14 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Tiffany Lorenzen, General Counsel, reported the following:

That Mr. Ernie Ewin, Representative from La Mesa, was not present for the discussion of this item. On Item 5a, the Board received a report and gave direction to outside counsel and agency negotiators.

CONSENT ITEMS

6. MTS: Budget Transfers, Construction Management Contract Amendment, and Contract Change Order for Mission Valley East (CIP 10426.7)

Recommend that the Board of Directors (1) transfer \$300,000 into the Construction Management (CM) line item (WBS #10426-0700) to fund Contract Amendment No. 39 with Washington Group International (WGI) to extend CM services on the Mission Valley East (MVE) Light Rail Transit (LRT) Project, to fund other previously authorized miscellaneous expenses, and to fund additional other future MVE claims support by WGI and our on-call consultant CMs (see Attachment A of the agenda item, Budget Transfer History); (2) transfer \$800,000 into the Professional Service line item (WBS #10426-0800) to fund claims support as approved by the Executive Committee on February 1, 2006 (see Attachment A of the agenda item);

(3) execute Contract Amendment No. 39 (MTS Doc. No. L6343.39-01) with WGI in substantially the same form as shown in Attachment B of the agenda item, in an amount not to exceed \$190,965, for CM services on the MVE LRT Project, including extension of the CM services through May 31, 2006; (4) execute Contract Change Order (CCO) No. 90, Supplement 2, with Stacy and Witbeck, Inc. (SWI), in substantially the same format as Attachment C of the agenda item, to complete the fiber-optic cable network between Qualcomm Stadium Station and Grossmont Transit Center Station under Contract LRT-10426.5, Track and Systems, in an amount not to exceed \$160,481.30; and (5) transfer \$1,100,000 from the Project Reserve (WBS #10426-3900), as shown in Attachment A of the agenda item, Budget Transfer History, to fund the budget transfers in Recommendations 1 and 2.

7. MTS: Creative Development and Image Advertising Services (MKPC 620.9, PC 50551)

Recommend that the Board of Directors (1) authorize the CEO to execute Option One of two 1-year option extensions to Doc. No. G0919.0-04, with Wash Creative, Inc., for continuation of creative development and image advertising services in an amount not to exceed \$400,000; and (2) ratify action taken by the CEO in executing the base contract for a total dollar value of \$800,000.

8. MTS: Proposed Amendments to Board Policy No. 41 – MTS Signature Authority
(ADM 110.2, PC 50601)

Recommend that the Board of Directors approve the proposed revisions to Board Policy No. 41 (Attachment A of the agenda item).

9. MTS: Accessible Services Advisory Committee (ASAC) Minutes Distribution
(OPS 980.8, PC 30117)

Recommend that the Board of Directors receive a copy of ASAC meeting minutes as an update regarding accessible service concerns and trends. (The January 19, 2006, ASAC meeting minutes were provided as Attachment A of the agenda item.)

10. MTS: Liability Insurance Renewal (LEG 491, PC 50633)

Recommend that the Board of Directors authorize the CEO to place the liability insurance policy (limits of \$75 million less a \$2 million self-insurance retention), at an annual cost of approximately \$2,786,844, effective March 1, 2006 through March 1, 2007.

11. SDTI: Light Rail Vehicle Window Film Installation and Maintenance Contract Award
(OPS 970.6, PC 30102)

Recommend that the Board of Directors authorize the President-General Manager to execute a Standard Services Agreement (Attachment A of the agenda item) with Energy Control Center of San Diego to (1) supply and install light rail vehicle window film on U2 and SD 100 vehicles for a total cost not to exceed \$95,776.00; and (2) exercise an option for a one-year maintenance agreement to replace graffitied window films on the LRV fleet, on an as-needed basis, for a total cost not to exceed \$132,000.00.

Recommended Consent Items

Mr. Ewin moved to approve Consent Agenda Item Nos. 6, 7, 8, 9, 10, and 11. Mr. Emery seconded the motion, and the vote was 14 to 0 in favor.

NOTICED PUBLIC HEARINGS

There were no Noticed Public Hearings.

DISCUSSION ITEMS

30. MTS: Update on the Status of the Grossmont Trolley Station Joint Development Project (LEG 460, PC 50787)

Ms. Lorenzen provided the Board with an update on the status of the Grossmont Trolley Station Joint Development Project. She reported that the Disposition and Development Agreement (DDA) should be finalized by the end of the week or early next week. She added that the ground lease should be in final version in about a week. She added that these two documents will then be forwarded to Fairfield's lender, and no problems are anticipated with this part of the process. She introduced Mr. Jerry Brand, Ms. Wesley Espinoza, and Mr. Pat Gavin of Fairfield. Mr. Brand agreed with Ms. Lorenzen's summary on the status of this project. He added that, from a business standpoint, the DDA is done, and the primary focus is now on the ground lease. Ms. Lorenzen added that work is proceeding with the right-of-entry permit for Fairfield to start off-site utility work. She informed Mr. Ewin that there should be no new issues related to this project.

Action Taken

Mr. Emery moved to receive an update from General Counsel regarding the status of the Grossmont Trolley Station Joint Development Project. Ms. Zarate seconded the motion, and the vote was 11 to 0 in favor.

31. MTS: Americans with Disabilities Act (ADA) Paratransit Vehicle Contract Award (CIP 11418)

Ms. Hafner provided the Board with background information on the contract award for 70 mini-buses through the State of California Public Agency Contract with Creative Bus Sales. She stated MTS's bus paint design will have to be modified for these smaller vehicles, and staff will report back to the Board once designs have been completed.

Action Taken

Mr. Emery moved to authorize the CEO to approve and execute an agreement (in substantially the same form as Attachment A of the agenda item) for the provision of up to 70 vehicles utilizing the public agency/state contract with Creative Bus Sales for use on ADA Complementary Paratransit Service. Mr. Rindone seconded the motion, and the vote was 13 to 0 in favor.

REPORT ITEMS

45. MTS: 2005 Year-End Security Report (OPS 970.11, PC 30102)

Mr. Bill Burke, San Diego Trolley Transit Security Administrator, provided the Board with an overview of security-related activities for calendar year 2005. He discussed the June 2005 emergency preparedness drill at SDSU Station, the new Department of Homeland Security Transit Security Grant Program, Problem-Oriented Policing (POP) projects that are currently underway, and reviewed incident statistics. He also briefly discussed passenger inspection and special enforcement unit activities as well as community outreach efforts. He then provided the Board with an update on the implementation of the Explosives Detection Canine Team Program in San Diego and provided the Board with information on closed-circuit television systems (CCTV) at trolley stations.

Mr. Young congratulated staff on doing a great job of making trolley lines safe and invited Mr. Burke to attend SANDAG's Public Safety Committee meetings. In response to a question from Mr. Young, Mr. Burke stated that the CCTV system was installed at the 5th Avenue Station for \$75,000 and was paid for by outside vendors and in conjunction with the Downtown Partnership Organization. Mr. Ewin requested incident statistics for trolley stations located in La Mesa. In response to a question from Ms. Zarate, Mr. Burke explained that live monitoring of CCTV transmissions occurs for 20 hours per day and is performed by employees at San Diego Trolley's control center.

Action Taken

Mr. Young moved to receive this report for information. Mr. Clabby seconded the motion, and the vote was 13 to 0 in favor.

46. MTS: Operations Budget Status Report for December 2005 (FIN 310.1, PC 50601)

Mr. Marinesi provided the Board with a financial review for FY 2006 as of December 31, 2005.

Action Taken

Mr. Rindone moved to receive the MTS Operations Budget Status Report for December 2005. Mr. Ewin seconded the motion, and the vote was 13 to 0 in favor.

47. MTS: December Monthly Performance Indicators (OPS 920.1, 960.5, 970.5, PC 50451)

Ms. Anika Smart, Associate Transportation Planner, reviewed performance indicators as of December 31, 2005. She reviewed the operating environment, system ridership, on-time performance, mean distance between failures, collision accidents, and customer complaints. She also reported that staff had discovered some inconsistencies in the data and would be providing corrected information in the next report.

Mr. Monroe requested that data be presented separately for San Diego Transit and Contract Services. In response to a question from Mr. Monroe, it was explained that the new fareboxes on San Diego Transit buses count each and every passenger no matter what type of fare media

is used. It was also explained that SANDAG counts provide boardings by stop and by trip, which is more detailed than the counts that are provided by fareboxes.

Action Taken

Mr. Ewin moved to receive this report for information. Mr. Emery seconded the motion, and the vote was 11 to 0 in favor.

60. Chairman's Report

Senate Hearing on Governor's Transportation Bond: Chairman Mathis reported that he and Mr. Jablonski, along with other transit CEOs, met with the Speaker of the Assembly Nunez in Sacramento on Wednesday, February 22, 2006. He reported that Mr. Nunez, who is pro-transit, is trying to help fashion an infrastructure bond with a provision for public transit. Speaker Nunez convened this meeting to gather details about transit needs with respect to the bond proposal authored by the house side of the legislature, and the meeting was attended by CEOs by invitation only. Mr. Jablonski stated that a similar but different bill has been authored on the senate side. He added that there could potentially be \$3 billion in the bond bill for public transit.

61. Chief Executive Officer's Report

Mr. Jablonski had nothing additional to report.

62. Board Member Communications

Construction at Spring Street Trolley Station: Mr. Ewin expressed his thanks that construction notices were sent to residents prior to the start of construction at Spring Street Trolley Station.

Trolley Passes: Mr. Ewin stated that San Diego Taxpayers Association staff members recently used the trolley and reported a positive experience. He added that they did not know where they could purchase monthly passes. Mr. Ewin stated that there should be more information provided regarding outlets that sell passes.

Public Hearings: Mr. Emery requested that information on the ridership and subsidy (pre-COA and projected post-COA) for each route be available to Board members during the upcoming public hearings. Mr. Rindone reminded Board members of the dates and times of the public hearings as follows: March 2 at 6:00 p.m. in Golden Hall, March 8 at 6:00 p.m. in the German-American Hall in El Cajon, and on March 9 at 9:00 a.m. in Golden Hall. He encouraged Board members to park at MTS and use the trolley to travel to the hearings. He also reported that there will be shuttle service from Santee and El Cajon Trolley Station to the hearing in El Cajon or interested parties can use Route No. 874. He also stated that there will be a shuttle from the Center for the Blind to the public hearing on March 9. Mr. Jones stated that he will not be able to attend the March 8 public hearing but will have a staff member present to gather information on his behalf. It was pointed out that the public comments made on March 2 and 8 will be recapped and presented to the Board on March 9. Mr. Mathis encouraged all Board members to attend the hearings. In response to a question from Mr. Monroe, Mr. Cheung stated that staff's presentation of the COA will be very basic. Chairman Mathis stated that route detail should be reserved for staff responses to public comments. He added that he plans to limit the

amount of time each speaker has to make comments but will be very liberal regarding the answering of questions and providing staff response to comments. Staff distributed copies of the Take Ones that have been placed on MTS buses providing information on the proposed route changes and Public Hearings.

63. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

64. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, March 9, 2006, at 9:00 a.m. in Golden Hall.

65. Adjournment

Chairman Mathis adjourned the meeting at 11:18 a.m.

Chairperson
San Diego Metropolitan Transit System
Filed by:

Approved as to form:

Office of the Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

Attachment: A. Roll Call Sheet
gail.williams/minutes